

Message Text

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TO AMEMBASSY DAKAR PRIORITY

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E.O. 11652: N/A

TAGS: EAGR, ETRD, SG

SUBJECT: US PEANUT POLICY

REF: DAKAR 1854

1. US DEPARTMENT OF AGRICULTURE ANNOUNCED ON MARCH 28 ITS INTENTION TO CONTINUE WITH RESPECT TO THE 1975 PEANUT CROP ITS POLICY OF NOT SUBSIDIZING THE RESALE INTO COMMERCIAL MARKETS OF PEANUT STOCKS ACQUIRED BY THE COMMODITY CREDIT CORPORATION (CCC) UNDER US PRICE SUPPORT PROGRAM. PRIOR TO 1974 CROP, CCC SOLD PEANUT STOCKS ON BID BASIS FOR CRUSHING OR EXPORT AT LESS THAN ACQUISITION COST. WITH CONTINUATION OF NO COMMERCIAL SUBSIDY POLICY, CCC PEANUT STOCKS EXPECTED TO REACH RECORD LEVEL NEXT YEAR. IN VIEW OF SURPLUS SUPPLY, USDA ALSO ANNOUNCED ITS INTENTION TO CONTRACT WITH DOMESTIC CRUSHERS TO EXTRACT OIL FROM CCC-OWNED PEANUTS AND MAKE IT AVAILABLE FOR DOMESTIC AND PL

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480 PROGRAMS. HOW MUCH OIL MIGHT THUS BE PROGRAMMED IN

FY 1976 UNDER PL 480 TITLE I (LONG TERM FINANCING) AND TITLE II (DONATIONS) PROGRAMS WILL DEPEND ON MARKET CONDITIONS, PL 480 FUNDING LEVELS AND OTHER FACTORS.

2. USDA ANNOUNCEMENT REFLECTS US DESIRE TO AVOID SUBSIDIZING PEANUT EXPORTS IN COMPETITION WITH DEVELOPING EXPORTING COUNTRIES. PL 480 SALES OF PEANUT OIL, IF PROGRAMMED IN FY 1976, SHOULD NOT AFFECT WORLD COMMERCIAL MARKETS SIGNIFICANTLY SINCE THEY WOULD BE TO

DEVELOPING COUNTRIES WHICH WOULD OTHERWISE NOT IMPORT EQUIVALENT QUANTITY OF VEGOILS. SAFEGUARDS TO PROTECT NORMAL COMMERCIAL TRADE ARE INCLUDED IN ALL TITLE I AGREEMENTS. UNDER INTERNATIONAL PROCEDURES IT IS CUSTOMARY FOR US TO CONSULT THOSE COUNTRIES HAVING A TRADE HISTORY IN THE MARKET OF THE PROSPECTIVE RECIPIENTS BEFORE ANY AGREEMENT IS NEGOTIATED.

3. YOU MAY INFORM PRIME MINISTER THAT US WOULD INCLUDE SENEGAL UNDER PL 480 CONSULTATION PROCEDURES. CONTRARY TO HIS CONCERN REPORTED REFTTEL, US GOVERNMENT PRESENTLY HAS NO VEGOIL STOCKS. KISSINGER

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